

to be used. This is a separate issue however, this is the one that puts a cap on the percent of increase that we can reimburse. I should also point out that this too has been. . . the current law has been put into, is under litigation, it has not come up for trial to my knowledge, probably won't for some time, but 618 continues the same level of payment for next year as we have had in the current year and the issue is whether or not you want to support this approach or cost containment in Medicaid payments or whether or not the appropriation should be increased to, as would be required if the cap is not maintained.

PRESIDENT: Is there further discussion on LB 618 as amended? Is there anyone here to take up the Haberman amendment which is on the desk? If not we will. . . is there further discussion on the bill? Senator Newell.

SENATOR NEWELL: Senator Warner, last year we did the 3.75 based on what state employees were going to . . . wasn't that the rationale last year? Something about what we were doing for state operations, state employees, etc.?

SENATOR WARNER: Senator Newell, it is correct, I guess, to suggest the rationale for selecting the 3.75 at one point in time that was the parallel that was used although the substantive purpose was to place a cap on the increase that Medicaid could be made and of course the adjustment as far as salaries ended up 2½ on that same basis so the cap as it ended up did not reflect the same as was the original purpose.

SENATOR NEWELL: That was due to a gubernatorial veto, not necessarily what our deliberations proposed. Let me ask this question then because it is, there has been a little news articles lately about where we are going with Medicaid and there has been some lawsuits in terms of the director's cut backs, or proration which were mandated by Legislative action in the past, I guess I would ask this question. This year we are still doing 3.75 even though we have authorized a general increase in the appropriation level of...from last year of about 4% overall appropriations nearing 5 and at least, and we have authorized state employees a 5% increase in terms of salary. So it would seem to me that maybe the 3.75 is a little conservative and maybe it ought to be about 5% as opposed to the 3.75. Could you comment on that Senator Warner?

SENATOR WARNER: Again, Senator Newell, as I tried to indicate